

Updates

For New Jersey Public Employers

New Jersey Division of Pensions and Benefits

Spring 2005

Internet-Based Report of Contributions (IROC)

THE QUARTERLY REPORT OF CONTRIBUTIONS IS MOVING ONLINE!

Within the next year all employers who must complete the Quarterly Report of Contributions (ROC) will be filing online through their Employer Pensions and Benefits Information Connection (EPIC) link. The days of cumbersome and tedious paper spreadsheets are rapidly drawing to a close.

A pilot group of employers have tested the new online reporting system and their responses have been very positive. Early experience has shown a remarkable decrease both in errors made and in time required to complete the ROC.

The Division plans to extend the "IROC" program to all remaining employers over the next three to four quarters. The Division will contact employers by e-mail or U.S. mail six to eight weeks before your location is connected to the IROC. A *User's Guide* and instructions will be included in the notice along with a contact at the Division for any questions you may have.

The IROC appears as an application within EPIC and is completed in a user's Web browser. The whole report has the appearance of a spreadsheet with each member's record occupying a line across the screen. To make changes, simply click on the member's name to reveal a member record change screen. Deductions are automatically recalculated when you amend service and salary. Select the appropriate action (such as an increase or decrease in the member's pension deduction or loan deduction) from the on-screen drop-down box, the effective date of the change, and press "submit." The changes to the member's record will be highlighted on the report and the new report totals will be calculated automatically.

When finished with the IROC, the totals are automatically compared to the previous pension payments within the quarter to determine the balance owed. It's really very easy!

Employer Pensions and Benefits Information Connection

The Employer Education Unit has been busy around the State setting up employers with our new online Employer Pensions and Benefits Information Connection (EPIC). The Unit has set a deadline of early September to reach all employers. If you have not yet been contacted for training, you will be—or better yet, call (609) 777-2112 to make arrangements that are convenient to you. This tool will allow you, the employer, to access a member's pension account, health benefits, enrollment application status, retirement application status, and other important information. We are currently developing online forms submission that we hope to include in the near future. For employers who are already set up, we want to encourage you to utilize EPIC. Our call center reports that many calls are still coming in that could have been handled by the employer using EPIC. We are sure that you would prefer to use the information that is available at your fingertips rather than wait to speak to our call center. The information available on EPIC is as current as the information that is available to our call center counselors.

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From the Director

We at the Division of Pensions and Benefits know how challenging it can be to maintain familiarity with the ever-changing laws, policies, and procedures that characterize our retirement systems and associated benefits. The *Updates* newsletter is our twice-yearly publication specifically written for Certifying Officers and similar staff members to help you keep abreast of the most important rules and the most current developments that will affect your duties as you fulfill your pension and benefits responsibilities to your employees.

In addition to our extensive publications and online Web sites, we have two groups of specially trained speakers who conduct seminars for the purpose of guiding employers and employees through the subtleties of their duties and the benefits of their pension membership. The Employer Education Unit and the (Employee) Benefits Education Unit seminars allow the kind of interaction that can be achieved only in a face-to-face environment. (Please see the articles regarding the employer and employee EDGE seminars, on pages 6 and 7 of this edition.) You — and, in their appropriate seminars, your employees — can bring any questions or concerns you would like to have answered, from the most fundamental queries about pensions and procedures to the recent and specific of the ever-evolving benefits laws.

Among such benefits legislation news, our New Jersey State Legislature continues to offer an improved quality of future life for those approaching the transition into retirement. Chapter 177, P.L. 2004, will increase the retirement allowance provided to many veteran status members of the PERS and the TPAF who retire with at least 35 years of service at age 55 or greater (See page 4).

We hope you find this edition of *Updates* an informative resource. We are always eager to help you navigate the many facets of our pension and benefits system, through both our publications and Certifying Officer Letters, and our education units' seminars. We welcome your comments and suggestions and as always, thank you for the conscientiousness and professionalism that you bring to your challenging job.

*Frederick J. Beaver, Director
Division of Pensions and Benefits*

Purchase Cancellations Are Permanent

A member is permitted to cancel his or her purchase of service credit once it has been approved and initiated. A member's cancellation of the purchase of service credit is permanent. Once the cancellation has been processed, the member cannot "cancel" the cancellation. If the member had already begun making payments towards the balance, the balance will be prorated and any service that has been paid for will be credited to the member. If the

member wishes to purchase the remaining prior service again in the future, he or she will need to submit another *Application to Purchase Service Credit* to obtain a new quotation of the cost of the purchase. Note that the new quotation will most likely be higher due to increased age and/or salary at the time of the new request.

Always Submit Retroactive Payments on ROC

The Division sometimes receives payments of retroactive deductions from some employers that are not included with the quarterly *Report of Contributions* (ROC). Retroactive payments should always be submitted on the ROC. It is very labor intensive and time consuming for these payments to be processed if not properly reported when paid and included with the ROC. Please make every attempt to adhere to this reporting procedure.



Legislation Update

PERS & TPAF

PERS, TPAF & PFRS

PERS and TPAF Veteran Retirement

Chapter 177, P.L. 2004, Effective Date: December 22, 2004

This law concerns the retirement allowance of Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS) veteran members who retire after having attained age 55, and who have at least 35 years of service credit. It provides that the retirement allowance shall be based on the 12-month period of membership providing the largest possible benefit to the member or the member's beneficiary instead of the last year of employment upon which contributions to the annuity savings fund or contingent reserve fund are made.

Expanded Dates for Veteran Status

Chapter 64, P.L. 2005, Effective Date: April 7, 2005

This law amends several statutes to define members of Operations Northern Watch and Southern Watch as veterans for the purposes of civil service hiring preferences, the purchase of service credit, and the calculation of veterans benefits in the PERS and TPAF, the purchase of service credit in the Police and Firemen's Retirement System (PFRS), and the receipt of a property tax deduction or exemption.

Operation Northern Watch and Southern Watch are the names given to the missions that monitored and controlled airspace above and below the 33rd parallel in Iraq, otherwise known as "no-fly zones." Chapter 64 expands the dates of veteran status to coincide with the dates of these missions, beginning August 27, 1992 and lasting until May 1, 2003.

Involuntary Disability Retirements for PFRS and SPRS

Members Need Minimum of Four Years of Service, Not 20

Some of the Division of Pensions and Benefits published materials may have previously led readers to misunderstand the eligibility requirements for an Involuntary Disability Retirement from the Police and Firemen's Retirement System (PFRS) or the State Police Retirement System (SPRS). Specifically, readers may have believed that a member needed at least 20 years of service in order to be eligible (in addition to the employer submitting the application). This type of retirement requires a minimum of only 4 years of New Jersey service as is needed for Ordinary Disability retirement.

An employer can file an application for Involuntary Disability Retirement for members of the PFRS or the SPRS anytime after a member has accumulated 4 years of service.

The benefit calculations are as follows:

- Members with between 4 and 20 years of service will receive an allowance calculated using the standard calculation for Ordinary Disability Retirement — 40 percent of Final Compensation or 1.5 percent of Final Compensation for each year of service credit, whichever is higher.
- Members with 20 or more years of service will receive an allowance equal to 50 percent of Final Compensation plus an additional 3 percent of Final Compensation for every year of service over 20 up to a maximum of 25 years.

The online Employers Pensions and Benefits Administration Manual (EPBAM) and other publications are being revised to make this clear.

SPRS and All State Employee FOP Members Ineligible for Traditional Plan

As a result of collective negotiations by all bargaining units representing State employee Fraternal Order of Police (FOP) members and members of the State Police Retirement System (SPRS), these members will no longer be eligible to participate in the Traditional Plan of the State Health Benefits Program (SHBP).*

The ineligibility will take effect July 1, 2005 and extends to these active employees, as well as all non-aligned State police officers and **all retirees who retire after July 1, 2005** regardless of their years of service credit, or the date when 25 years of service credit was attained. Current retirees and those who retire on or before July 1, 2005 are not affected.

In order to ensure continuity of health care coverage for all affected employees, a Special Open Enrollment period was held in May 2005 to allow affected employees to make a plan change.

The NJ PLUS plan as well as the SHBP's five HMO plans (Aetna, Cigna Healthcare, Oxford Health Plans, Amerihealth, and Health Net) remain open for enrollment to these members.

**This does not extend to law enforcement employees of Rutgers University, the University of Medicine and Dentistry of New Jersey, and the New Jersey Institute of Technology.*

Employer Pensions and Benefits Administration Manual

Another useful tool, the Employer Pensions and Benefits Administration Manual (EPBAM) is available on our Web site at www.state.nj.us/treasury/pensions/epbam/index.htm. This online administration manual is kept current with the latest information and forms. Most forms are in PDF format with mouse over instructions. The Employer Education Unit would like to encourage all employers to use this tool. This unit is constantly striving to make your administration duties easier. If when viewing this online manual you cannot find something that you feel should be included, please feel free to e-mail us at: pensions.nj@treas.state.nj.us

Chapter 177, PERS and TPAF Veteran Retirement Formula

A new law, Chapter 177, P.L. 2004, changes the retirement allowance calculation for certain qualified veterans retiring from the PERS or the TPAF. This law is effective immediately and affects veterans retirees with a January 1, 2005 retirement date or after. It is not retroactive.

Previously, veteran members who retired after having attained age 55, and with at least 35 years of service credit had a retirement allowance calculated as:

$$\frac{\text{Years of Service}}{55} \times \text{Last 12 Month's Salary} = \text{Annual Retirement Allowance}$$

Chapter 177 changes the calculation from "Last 12 month's salary" to "the 12 month period of membership providing the largest possible benefit to the member or the member's beneficiary." Thus, these retirements are now calculated as follows:

$$\frac{\text{Years of Service}}{55} \times \text{12 month period providing largest possible benefit} = \text{Annual Retirement Allowance}$$

New SHBP Enrollment Applications

Applications for Enrollment in the State Health Benefits Program (SHBP) were revised in the Fall of 2004. The revised forms supersede all previous versions of the applications and are to be used effective immediately. Copies of the applications can be found online in the Employer Pensions and Benefits Administration Manual (EPBAM).

There is now one SHBP health benefits application form that is to be used for enrolling both State employees and local employees in health benefits plan coverage. In addition, a separate SHBP dental plan application is now used for enrolling both State employees and eligible local employees in SHBP dental plan coverage.

Other changes of note to the revised applications are:

- The applications are now printed on plain paper instead of three-sheet carbonless copy paper.
- A Domestic Partner can be entered onto the new form as a dependent for State employees and for local employees if the local employer has resolved to adopt domestic partnership health benefits. A photocopy of the *Certificate of Domestic Partnership* must be included with the application for enrollees claiming their domestic partner as a dependent.
- A photocopy of the marriage certificate must be included with the application for new enrollees who are married and claiming their spouse as a dependent, and for current enrollees who marry and claim a new spouse as a dependent. (Current enrollees who already cover a spouse as a dependent do not need to submit a marriage certificate.)
- A Primary Care Physician (PCP) ID number must be entered for each member enrolling (and for each dependent) in the NJ PLUS plan or in an HMO. The SHBP can no longer accept a physician's name as identification for enrollment. If a PCP ID Number is not listed, a letter will be mailed to the member indicating that a PCP must be selected from their plan and that in-network services may not be covered. PCP ID Numbers can be obtained by contacting the health plan directly, from the doctor's office, or through the Unified Provider Directory found on the SHBP home page at: www.state.nj.us/treasury/pensions/shbp.htm Once the PCP is found on the directory, clicking on the PCP's name will display their ID Number.

Note that: Members wishing only to change their PCP or dentist, or wishing only to change their address, should not use the new application. PCP changes should be made by calling the health plan directly. Address changes should be made by calling the Division of Pensions and Benefits main telephone line at (609) 292-7524.

The health benefits and dental applications still require certification by the employer prior to processing by the SHBP. The forms are available for printing from both the EPBAM and the Division's public Web site.

Revised health benefits applications for retirees and for COBRA are also available.

Please be careful to use only these new editions of these applications.



Employer Education Programs

July — December 2005

The Division of Pensions and Benefits provides two different employer education seminars at regional locations in Randolph, Trenton, Mays Landing, Sewell, Lyndhurst, and Lincroft. Each seminar is a full day program. Participants who wish to attend both programs must register for each one separately.

Upcoming seminars are listed by topic, location, date and seminar ID number. Early registration is advised as seating is limited. State agencies with electronic access **MUST** register attendees through the STADIS system. Other employers should submit the seminar registration form to the Benefits Education Unit, Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or fax to (609) 292-9500.

DAY 1

"Pension Processing and Employer Responsibilities"

This full day seminar is offered to assist employers of Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), and Police and Firemen's Retirement System (PFRS) members in understanding the entire pension process as it applies to them and their employees.

Randolph
10:00 a.m. to 3:30 p.m.
August 8GG.983.260259

Sewell
10:00 a.m. to 3:30 p.m.
September 6 . . .GG.983.260262

Trenton
10:00 a.m. to 3:30 p.m.
October 4GG.983.260260

Lyndhurst
10:00 a.m. to 3:30 p.m.
October 3GG.983.260263

Mays Landing
10:00 a.m. to 3:30 p.m.
September 15 . .GG.983.260261

DAY 2

"Completing the Quarterly Report of Contributions"

This full day program is offered by the Division of Pensions and Benefits to assist participating employers of Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), and Police and Firemen's Retirement System (PFRS) members in completion of the Quarterly Report of Contributions. Also included will be "Enrollments Basics" and forms completion.

County College of Morris
214 Center Grove Road
Randolph, NJ

NJ Div. of Pensions and Benefits
50 West State Street
Trenton, NJ

Gloucester County Southern
Regional Training Center
1492 Tanyard Road
Sewell, NJ

NJ Meadowlands Commission
1 DeKorte Park Plaza
Lyndhurst, NJ

Atlantic Cape Community College
5100 Black Horse Pike
Mays Landing, NJ

Trenton
10:00 a.m. to 3:30 p.m.
October 18GG.982.260266

Randolph
10:00 a.m. to 3:30 p.m.
August 15GG.982.260265

Sewell
10:00 a.m. to 3:30 p.m.
September 13 . .GG.982.260267

Mays Landing
10:00 a.m. to 3:30 p.m.
September 29 . .GG.982.253856

Lyndhurst
10:00 a.m. to 3:30 p.m.
October 11GG.982.260268



This schedule, along with the schedule of seminars that we offer to your employees, is available in the "resources" section of the Division of Pensions and Benefits' Internet site at: www.state.nj.us/treasury/pensions

EDGE Seminars

As a Certifying Officer, you may be aware that the Division of Pensions and Benefits' Employer Education Unit offers seminars to educate employers as to their duties and responsibilities regarding the State-administered pension systems. But you should also know that the Division's Benefits Education Unit holds seminars to educate *employees* about their benefits and the importance of retirement planning.

A particular seminar has been developed for new employees (or those who are relatively early in their careers). Formerly known as the "Head Start" seminar, its name has since been changed to the "EDGE" (Exploring the Division of Pensions to Gain knowledge Early in your career) seminar.

EDGE seminars last one full day and familiarize an employee with all aspects of his or her pension system deductions, pension loans, group life insurance, types of authorized leave, retirement benefits, financial and college planning, the SHBP (if applicable), and other related topics.

New Jersey's public employment benefits are among the most comprehensive and progressive in the nation. However, many employees do not fully grasp the benefits available to them, and many do not realize the importance of making educated decisions as to when and how to retire. As a result, they cannot take advantage of the extensive benefits that have been carefully introduced into State law over many years.

The Benefits Education Unit conducts seminars for members in any stage of their career. Dates and locations for upcoming seminars, including EDGE seminars, are available online at: www.state.nj.us/treasury/pensions/seminars.htm. Registration for attendance is required. State employees must be registered for attendance through the STADIS system.

Please remind your employees that the Division of Pensions and Benefits is always ready to help them navigate these issues at any stage in their employment cycle. The EDGE seminar is one way that we can communicate with them when it can do the most good.

AdvancePCS Name Changed to Caremark

AdvancePCS, the pharmacy benefits management company that administers the SHBP Employee Prescription Drug Plan, changed its name to "Caremark" effective January 1. New enrollment cards displaying the Caremark name have been issued to enrolled members in the plan. The name change does not entail any other change to the Employee Prescription Drug Plan's benefits. For more information contact Caremark's Member Services at 1-866-881-5605.

Employer Questionnaire For Retirement

The Importance of Responding to the Division's Request for Information

Upon receiving a member's *Application for Retirement Allowance*, the Division of Pensions and Benefits sends letters to inform each employer of the employees' pending retirement. Each letter requisitions a *Certification of Service and Final Salary* form from each location where the employee is actively working (if employed at more than one location).

Additionally, a separate questionnaire from the Division's Retirement Bureau is sent to those locations in which multiple employees were formerly employed. If you receive a questionnaire, it must be completed for two specific reasons:

- We need to confirm your former employee was not facing disciplinary action or indictment; and
- We need to be sure your former employee was not dismissed for cause.

If such actions were committed, the retirement process will stop until the matter has been resolved.

It is imperative that the certification and/or the questionnaire be filled out in its entirety, signed by the Certifying Officer, and sent back to the Division of Pensions and Benefits in a timely manner. Even if an employee's retirement date is not close at hand, we encourage you to fill out the questionnaire as soon as possible in order to avoid any delays in processing an employee's retirement.

Updates

Spring 2005
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Updates is published semi-annually by the Division of Pensions and Benefits and is designed to keep employers informed about issues regarding the administration of the pension programs. The newsletter will address legislative changes and include articles designed to clear up pension issues and concerns.

The selections in this publication are for informational purposes only and while every attempt at accuracy is made, it cannot be guaranteed. If there are discrepancies between the information presented here and the law, regulations, or contracts, the latter will govern. If you have questions or concerns or would like a particular issue addressed, contact the Updates Editor, Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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Updated Publications Index

The following publications are new or have been revised since the last issue of *Updates*. Fact sheets and Certifying Officer Letters can be viewed on the Division's Internet site at: www.state.nj.us/treasury/pensions The new forms can be found in the "Forms Index" of the online Employer Pensions and Benefits Administration Manual at: www.state.nj.us/treasury/pensions/epbam/index.htm

Publications can be ordered in bulk by calling (609) 777-4357.

New and Revised Fact Sheets

#1	<i>Purchasing Service Credit (PERS, TPAF, PFRS)</i>	April 2005
#2	<i>Estimating the Cost of Purchasing Service Credit (PERS, TPAF)</i>	April 2005
#3	<i>Estimating the Cost of Purchasing Service Credit (PFRS)</i>	April 2005
#4	<i>Applying For Retirement (PERS, TPAF)</i>	March 2005
#9	<i>Divorce and Your Deferred Compensation Plan Account</i>	March 2005
#11	<i>Enrolling in the State Health Benefits Program When You Retire</i>	July 2004
#15	<i>Disability Retirement Benefits (PERS, TPAF)</i>	July 2004
#16	<i>Disability Retirement Benefits (PFRS)</i>	April 2005
#17	<i>Veteran Status (PERS, TPAF)</i>	April 2005
#21	<i>Employment After Retirement (PERS)</i>	February 2005
#23	<i>The SHBP Program and Medicare Parts A & B for Retirees</i>	January 2005
#25	<i>Employer Responsibilities Under COBRA</i>	December 2004
#26	<i>Health Benefits Options When Terminating Employment</i>	December 2004
#27	<i>The Taxability and Mandatory Withholding of Income Tax From Your Pension Distribution</i>	March 2005
#28	<i>Employment After Retirement (TPAF)</i>	February 2005
#30	<i>The Continuation of NJ SHBP Insurance Under COBRA</i>	December 2004
#32	<i>The NJ State Employees Deferred Compensation Plan</i>	April 2005
#37	<i>SHBP Employee Dental Plans</i>	October 2004
#39	<i>Disability Retirement Benefits (SPRS)</i>	April 2005
#45	<i>Workers' Compensation (PERS, TPAF, PFRS, SPRS)</i>	April 2005
#50	<i>Charter Schools (PERS, TPAF)</i>	January 2005
#57	<i>Employment After Retirement (SPRS)</i>	February 2005
#62	<i>Prosecutors' Part (PERS)</i>	January 2005
#64	<i>About Your Retirement Check (All Funds)</i>	February 2005
#66	<i>SHBP Coverage for Part-Time Employees</i>	December 2004
#67	<i>Commuter Tax\$ave Program</i>	February 2005
#69	<i>SHBP Coverage for State Intermittent Employees</i>	December 2004
#73	<i>Retiree Dental Expense Plan</i>	October 2004

New Member Handbooks

SHBP

<i>Summary Program Description— A guide to the SHBP medical plans</i>	January 2005
<i>Comparison Guide – for participants in the SHBP</i>	January 2005
<i>Employee Prescription Drug Plan Member Handbook</i>	January 2005
<i>SHBP Employee Dental Plans Member Handbook</i>	December 2004
<i>Traditional Plan Member Handbook</i>	January 2005
<i>NJ PLUS Member Handbook</i>	January 2005